- 1. Negotiations in Vietiane between the Laotian government and the Pathet Lao, which commenced on 1 August, appear to be moving rapidly toward settlement and thusfar the Communists appear to have had things pretty much their own way.
 - A. 9 August press reports state that the Royal Government has agreed to formation of a "coalition" government following nation-wide "supplemental" elections.
 - B. These elections will probably follow the royal Premier's suggested plan-to up the number of assembly seats from 39 to 50-60 (ie elect 11-21 new members).
- 2. On 5 August, a joint communique, reporting the progress to that date, clearly established this trend. It stated the two parties had agreed!

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- A. That Laos should adhere to a foreign policy of neutrality.
- B. Laos should establish "friendly contacts" with neighboring countries.
- C. Laos should refrain from military commitments to foreign countries.
- D. The Royal Government has agreed to inform the Lactian people that they have freedom "to write, publish, travel, form political parties and to seek office."
- E. The Government has agreed to integrate a yet-to-be-determined number of Pathet Lao military personnel into the 25,000 man Royal Army and still other Pathets into the civil administration.
- F. The Pathets will permit the restoration of royal authority over the disputed provinces of Mam Neus and Phong Saly (map).
- G. The Pathets will place their military forces under royal command.

 State Dept. review completed.

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- 3. Throughout the negotiations, Fronter Souvanne Phounn has exhibited unbridled confidence in his smility to maintain the upper hand.
 - A. So has assured American officials that be has not under any real" concessions to the Compunists.
 - S. He has indicated that be intended to be "tough" in working out details of the final agreement.
 - E. For example, he intends to take one or two thousand Pathet Lao personnel for indoctrication and other screening preparatory to integration into government service, but "greatly reduce" their number in the process.
- 2. The impending settlement will certainly improve Pathot Leo prospects for internal subversion and will probably clear the way for closer relations between Laon and the Size-Seviet Bloc.
 - guerrilla efforts in the remote and sparsely populated sorth (120,000) in exchange for potential nationwide influence.
 - B. The American ambassador to Visatians comments that the communique appears to have given the Pathets what they santed, exhausted the government's trusps and placed high reliance on Fathet good faith.
 - c. Souvages has stated that, with a settlement, he would have no further remens to postpone his trip to Poising (he may depart as soon as 19 Aug).
 - D. Under the circumstances, it appears that had will feel increasingly compolled to reset favorably to overtures from the USSE, Communist China and North Vietnes for the establishment of diplomatic and economic relations.

